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Return of Private Foundation  
or Section 4947(a)(1) Nonexempt Charitable Trust  
Treated as a Private Foundation

2006

Note: The foundation may be able to use a copy of this return to satisfy state reporting requirements

For calendar year 2006, or tax year beginning

, and ending

G Check all that apply: <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Address change <input type="checkbox"/> Name change							
<b>Use the IRS label.</b> <b>Otherwise, print or type.</b> <b>See Specific Instructions.</b>	Name of foundation <b>HILTON FAMILY FOUNDATION</b>	A Employer identification number <b>59-3748610</b>					
	Number and street (or P O box number if mail is not delivered to street address) <b>P O BOX 59462</b>	Room/suite					
	City or town, state, and ZIP code <b>PANAMA CITY, FL 32412-0462</b>	C If exemption application is pending, check here ► <input type="checkbox"/> D 1. Foreign organizations, check here ► <input type="checkbox"/> 2 Foreign organizations meeting the 85% test, check here and attach computation ► <input type="checkbox"/>					
	H Check type of organization: <input checked="" type="checkbox"/> Section 501(c)(3) exempt private foundation <input type="checkbox"/> Section 4947(a)(1) nonexempt charitable trust <input type="checkbox"/> Other taxable private foundation	E If private foundation status was terminated under section 507(b)(1)(A), check here ► <input type="checkbox"/> F If the foundation is in a 60-month termination under section 507(b)(1)(B), check here ► <input type="checkbox"/>					
I Fair market value of all assets at end of year (from Part II, col. (c), line 16) ► \$ <b>3,658,683.</b>	J Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify) _____						
<b>Part I Analysis of Revenue and Expenses</b> (The total of amounts in columns (b), (c), and (d) may not necessarily equal the amounts in column (a))		(a) Revenue and expenses per books	(b) Net investment income	(c) Adjusted net income	(d) Disbursements for charitable purposes (cash basis only)		
Revenue	1 Contributions, gifts, grants, etc., received	<b>1,000,000.</b>		<b>N/A</b>			
	2 Check ► <input checked="" type="checkbox"/> if the foundation is not required to attach Sch B						
	3 Interest on savings and temporary cash investments	<b>656.</b>		<b>656.</b>			
	4 Dividends and interest from securities	<b>156,703.</b>		<b>156,703.</b>		<b>STATEMENT 1</b>	
	5a Gross rents					<b>STATEMENT 2</b>	
	b Net rental income or (loss)						
	6a Net gain or (loss) from sale of assets not on line 10						
	b Gross sales price for all assets on line 6a						
	7 Capital gain net income (from Part IV, line 2)			<b>0.</b>			
	8 Net short-term capital gain						
	9 Income modifications						
	10a Gross sales less returns and allowances						
b Less Cost of goods sold							
c Gross profit or (loss)							
11 Other income							
12 Total Add lines 1 through 11	<b>1,157,359.</b>		<b>157,359.</b>				
Operating and Administrative Expenses	13 Compensation of officers, directors, trustees, etc	<b>0.</b>		<b>0.</b>			
	14 Other employee salaries and wages						
	15 Pension plans, employee benefits						
	16a Legal fees	<b>STMT 3</b>	<b>150.</b>		<b>0.</b>		<b>0.</b>
	b Accounting fees	<b>STMT 4</b>	<b>1,076.</b>		<b>0.</b>		<b>0.</b>
	c Other professional fees	<b>STMT 5</b>	<b>300.</b>		<b>0.</b>		<b>0.</b>
	17 Interest						
	18 Taxes	<b>STMT 6</b>	<b>1,472.</b>		<b>0.</b>		<b>0.</b>
	19 Depreciation and depletion						
	20 Occupancy						
	21 Travel, conferences, and meetings						
	22 Printing and publications						
	23 Other expenses						
	24 Total operating and administrative expenses	Add lines 13 through 23		<b>2,998.</b>		<b>0.</b>	
25 Contributions, gifts, grants paid			<b>1,208,048.</b>				<b>1,208,048.</b>
26 Total expenses and disbursements.	Add lines 24 and 25		<b>1,211,046.</b>		<b>0.</b>		<b>1,208,048.</b>
27 Subtract line 26 from line 12:			<b>&lt;53,687.00</b>				
a Excess of revenue over expenses and disbursements							
b Net investment income (if negative, enter -0-)			<b>157,359.</b>				
c Adjusted net income (if negative, enter -0-)					<b>N/A</b>		

LHA For Privacy Act and Paperwork Reduction Act Notice, see the instructions.

Form 990-PF (2006)

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Part II Balance Sheets		Attached schedules and amounts in the description column should be for end-of-year amounts only	Beginning of year	End of year	
			(a) Book Value	(b) Book Value	(c) Fair Market Value
Assets	1	Cash - non-interest-bearing	3,712,370.	3,658,683.	3,658,683.
	2	Savings and temporary cash investments			
	3	Accounts receivable ►			
		Less: allowance for doubtful accounts ►			
	4	Pledges receivable ►			
		Less: allowance for doubtful accounts ►			
	5	Grants receivable			
	6	Receivables due from officers, directors, trustees, and other disqualified persons			
	7	Other notes and loans receivable ►			
		Less: allowance for doubtful accounts ►			
	8	Inventories for sale or use			
	9	Prepaid expenses and deferred charges			
	10a	Investments - U.S. and state government obligations			
	b	Investments - corporate stock			
	c	Investments - corporate bonds			
	11	Investments - land, buildings, and equipment basis ►			
		Less accumulated depreciation ►			
	12	Investments - mortgage loans			
	13	Investments - other			
	14	Land, buildings, and equipment: basis ►			
		Less accumulated depreciation ►			
	15	Other assets (describe ►)			
	16	Total assets (to be completed by all filers)	3,712,370.	3,658,683.	3,658,683.
Liabilities	17	Accounts payable and accrued expenses			
	18	Grants payable			
	19	Deferred revenue			
	20	Loans from officers, directors, trustees, and other disqualified persons			
	21	Mortgages and other notes payable			
	22	Other liabilities (describe ►)			
	23	Total liabilities (add lines 17 through 22)	0.	0.	0.
Net Assets or Fund Balances	Foundations that follow SFAS 117, check here ► <input type="checkbox"/>				
	and complete lines 24 through 26 and lines 30 and 31.				
	24	Unrestricted			
	25	Temporarily restricted			
	26	Permanently restricted			
	Foundations that do not follow SFAS 117, check here ► <input checked="" type="checkbox"/>				
	and complete lines 27 through 31.				
	27	Capital stock, trust principal, or current funds	0.	0.	
	28	Paid-in or capital surplus, or land, bldg., and equipment fund	0.	0.	
	29	Retained earnings, accumulated income, endowment, or other funds	3,712,370.	3,658,683.	
	30	Total net assets or fund balances	3,712,370.	3,658,683.	
	31	Total liabilities and net assets/fund balances	3,712,370.	3,658,683.	

## Part III Analysis of Changes in Net Assets or Fund Balances

1	Total net assets or fund balances at beginning of year - Part II, column (a), line 30 (must agree with end-of-year figure reported on prior year's return)	1	3,712,370.
2	Enter amount from Part I, line 27a	2	<53,687.>
3	Other increases not included in line 2 (itemize) ►	3	0.
4	Add lines 1, 2, and 3	4	3,658,683.
5	Decreases not included in line 2 (itemize) ►	5	0.
6	Total net assets or fund balances at end of year (line 4 minus line 5) - Part II, column (b), line 30	6	3,658,683.

**Part IV Capital Gains and Losses for Tax on Investment Income**

(a) List and describe the kind(s) of property sold (e.g., real estate, 2-story brick warehouse; or common stock, 200 shs. MLC Co.)		(b) How acquired P - Purchase D - Donation	(c) Date acquired (mo., day, yr.)	(d) Date sold (mo., day, yr.)
1a				
b	<b>NONE</b>			
c				
d				
e				
(e) Gross sales price	(f) Depreciation allowed (or allowable)	(g) Cost or other basis plus expense of sale	(h) Gain or (loss) (e) plus (f) minus (g)	
a				
b				
c				
d				
e				
Complete only for assets showing gain in column (h) and owned by the foundation on 12/31/69			(I) Gains (Col. (h) gain minus col. (k), but not less than -0-) or Losses (from col. (h))	
(i) F.M.V. as of 12/31/69	(j) Adjusted basis as of 12/31/69	(k) Excess of col. (i) over col. (j), if any		
a				
b				
c				
d				
e				
2 Capital gain net income or (net capital loss). <span style="float: right;">{ If gain, also enter in Part I, line 7 If (loss), enter -0- in Part I, line 7 }</span>			2	
3 Net short-term capital gain or (loss) as defined in sections 1222(5) and (6): If gain, also enter in Part I, line 8, column (c). If (loss), enter -0- in Part I, line 8			3	

**Part V Qualification Under Section 4940(e) for Reduced Tax on Net Investment Income**

(For optional use by domestic private foundations subject to the section 4940(a) tax on net investment income.)

If section 4940(d)(2) applies, leave this part blank.

Was the foundation liable for the section 4942 tax on the distributable amount of any year in the base period?

 Yes  No

If "Yes," the foundation does not qualify under section 4940(e). Do not complete this part.

1 Enter the appropriate amount in each column for each year; see instructions before making any entries.

(a) Base period years Calendar year (or tax year beginning in)	(b) Adjusted qualifying distributions	(c) Net value of noncharitable-use assets	(d) Distribution ratio (col. (b) divided by col. (c))
2005	387,269.	2,738,824.	.141400
2004	541,370.	1,552,026.	.348815
2003	199,701.	1,954,149.	.102193
2002	226,000.	319,499.	.707357
2001			

2 Total of line 1, column (d)

2 1.299765

3 Average distribution ratio for the 5-year base period - divide the total on line 2 by 5, or by the number of years the foundation has been in existence if less than 5 years

3 .324941

4 Enter the net value of noncharitable-use assets for 2006 from Part X, line 5

4 3,083,467.

5 Multiply line 4 by line 3

5 1,001,945.

6 Enter 1% of net investment income (1% of Part I, line 27b)

6 1,574.

7 Add lines 5 and 6

7 1,003,519.

8 Enter qualifying distributions from Part XII, line 4

8 1,208,048.

If line 8 is equal to or greater than line 7, check the box in Part VI, line 1b, and complete that part using a 1% tax rate. See the Part VI instructions.

**Part VI Excise Tax Based on Investment Income (Section 4940(a), 4940(b), 4940(e), or 4948 - see instructions)**

1a Exempt operating foundations described in section 4940(d)(2), check here ► <input type="checkbox"/> and enter "N/A" on line 1.	Date of ruling letter: _____ (attach copy of ruling letter if necessary-see instructions) b Domestic foundations that meet the section 4940(e) requirements in Part V, check here ► <input checked="" type="checkbox"/> and enter 1% of Part I, line 27b c All other domestic foundations enter 2% of line 27b. Exempt foreign organizations enter 4% of Part I, line 12, col. (b) 2 Tax under section 511 (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-) 3 Add lines 1 and 2 4 Subtitle A (income) tax (domestic section 4947(a)(1) trusts and taxable foundations only. Others enter -0-) 5 <b>Tax based on investment income.</b> Subtract line 4 from line 3. If zero or less, enter -0- 6 Credits/Payments: a 2006 estimated tax payments and 2005 overpayment credited to 2006 b Exempt foreign organizations - tax withheld at source c Tax paid with application for extension of time to file (Form 8868) d Backup withholding erroneously withheld 7 Total credits and payments. Add lines 6a through 6d 8 Enter any <b>penalty</b> for underpayment of estimated tax. Check here <input type="checkbox"/> if Form 2220 is attached 9 <b>Tax due.</b> If the total of lines 5 and 8 is more than line 7, enter <b>amount owed</b> 10 <b>Overpayment.</b> If line 7 is more than the total of lines 5 and 8, enter the <b>amount overpaid</b> 11 Enter the amount of line 10 to be: <b>Credited to 2007 estimated tax</b> ► <span style="float: right;">Refunded ►</span> <span style="float: right;">11</span>	1	1,574.
		2	0.
		3	1,574.
		4	0.
		5	1,574.
		7	0.
		8	75.
		9	1,649.
		10	

**Part VII-A Statements Regarding Activities**

1a During the tax year, did the foundation attempt to influence any national, state, or local legislation or did it participate or intervene in any political campaign?	If the answer is "Yes" to 1a or 1b, attach a detailed description of the activities and copies of any materials published or distributed by the foundation in connection with the activities b Did it spend more than \$100 during the year (either directly or indirectly) for political purposes (see instructions for definition)? c Did the foundation file Form 1120-POL for this year? d Enter the amount (if any) of tax on political expenditures (section 4955) imposed during the year: (1) On the foundation. ► \$ <u>0.</u> (2) On foundation managers. ► \$ <u>0.</u> e Enter the reimbursement (if any) paid by the foundation during the year for political expenditure tax imposed on foundation managers. ► \$ <u>0.</u> 2 Has the foundation engaged in any activities that have not previously been reported to the IRS? If "Yes," attach a detailed description of the activities 3 Has the foundation made any changes, not previously reported to the IRS, in its governing instrument, articles of incorporation, or bylaws, or other similar instruments? If "Yes," attach a conformed copy of the changes 4a Did the foundation have unrelated business gross income of \$1,000 or more during the year? b If "Yes," has it filed a tax return on Form 990-T for this year? 5 Was there a liquidation, termination, dissolution, or substantial contraction during the year? If "Yes," attach the statement required by General Instruction T. 6 Are the requirements of section 508(e) (relating to sections 4941 through 4945) satisfied either: • By language in the governing instrument, or • By state legislation that effectively amends the governing instrument so that no mandatory directions that conflict with the state law remain in the governing instrument? 7 Did the foundation have at least \$5,000 in assets at any time during the year? If "Yes," complete Part II, col. (c), and Part XV 8a Enter the states to which the foundation reports or with which it is registered (see instructions) ► <u>FL</u> b If the answer is "Yes" to line 7, has the foundation furnished a copy of Form 990-PF to the Attorney General (or designate) of each state as required by General Instruction G? If "No," attach explanation 9 Is the foundation claiming status as a private operating foundation within the meaning of section 4942(j)(3) or 4942(j)(5) for calendar year 2006 or the taxable year beginning in 2006 (see instructions for Part XIV)? If "Yes," complete Part XIV 10 Did any persons become substantial contributors during the tax year? If "Yes," attach a schedule listing their names and addresses	Yes	No
1a		X	
1b		X	
1c		X	
2		X	
3		X	
4a		X	
4b			
5		X	
N/A			
6	X		
7	X		
8b	X		
9	X		
10	X		

**Part VII-A Statements Regarding Activities Continued**

11a	At any time during the year, did the foundation, directly or indirectly, own a controlled entity within the meaning of section 512(b)(13)? If "Yes," attach schedule. (see instructions)	11a	<input checked="" type="checkbox"/>
b	If "Yes," did the foundation have a binding written contract in effect on August 17, 2006, covering the interest, rents, royalties, and annuities described in the attachment for line 11a?	11b	<input type="checkbox"/>
12	Did the foundation acquire a direct or indirect interest in any applicable insurance contract?	12	<input checked="" type="checkbox"/>
13	Did the foundation comply with the public inspection requirements for its annual returns and exemption application?	13	<input checked="" type="checkbox"/>
Web site address ► <b>N/A</b>			
14	The books are in care of ► <b>CHARLES HILTON</b> Located at ► <b>PO BOX 59462, PANAMA CITY, FL</b>	Telephone no. ► <b>850-785-4675</b> ZIP+4 ► <b>32412</b>	
15	Section 4947(a)(1) nonexempt charitable trusts filing Form 990-PF in lieu of Form 1041 - Check here and enter the amount of tax-exempt interest received or accrued during the year	► 15	<input type="checkbox"/> <b>N/A</b>

**Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required**

	File Form 4720 if any item is checked in the "Yes" column, unless an exception applies.	Yes	No
1a	During the year did the foundation (either directly or indirectly):		
(1)	Engage in the sale or exchange, or leasing of property with a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
(2)	Borrow money from, lend money to, or otherwise extend credit to (or accept it from) a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
(3)	Furnish goods, services, or facilities to (or accept them from) a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
(4)	Pay compensation to, or pay or reimburse the expenses of, a disqualified person?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
(5)	Transfer any income or assets to a disqualified person (or make any of either available for the benefit or use of a disqualified person)?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
(6)	Agree to pay money or property to a government official? (Exception. Check "No" if the foundation agreed to make a grant to or to employ the official for a period after termination of government service, if terminating within 90 days.)	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	If any answer is "Yes" to 1a(1)-(6), did any of the acts fail to qualify under the exceptions described in Regulations section 53.4941(d)-3 or in a current notice regarding disaster assistance (see page 22 of the instructions)? Organizations relying on a current notice regarding disaster assistance check here	<b>N/A</b>	► <input type="checkbox"/>
c	Did the foundation engage in a prior year in any of the acts described in 1a, other than excepted acts, that were not corrected before the first day of the tax year beginning in 2006?	<b>1c</b>	<input checked="" type="checkbox"/>
2	Taxes on failure to distribute income (section 4942) (does not apply for years the foundation was a private operating foundation defined in section 4942(j)(3) or 4942(j)(5)):		
a	At the end of tax year 2006, did the foundation have any undistributed income (lines 6d and 6e, Part XIII) for tax year(s) beginning before 2006? If "Yes," list the years ► _____, _____, _____, _____.	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	Are there any years listed in 2a for which the foundation is not applying the provisions of section 4942(a)(2) (relating to incorrect valuation of assets) to the year's undistributed income? (If applying section 4942(a)(2) to all years listed, answer "No" and attach statement - see instructions.)	<b>N/A</b>	
c	If the provisions of section 4942(a)(2) are being applied to any of the years listed in 2a, list the years here. ► _____, _____, _____, _____.	<b>2b</b>	
3a	Did the foundation hold more than a 2% direct or indirect interest in any business enterprise at any time during the year?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
b	If "Yes," did it have excess business holdings in 2006 as a result of (1) any purchase by the foundation or disqualified persons after May 26, 1969; (2) the lapse of the 5-year period (or longer period approved by the Commissioner under section 4943(c)(7)) to dispose of holdings acquired by gift or bequest; or (3) the lapse of the 10-, 15-, or 20-year first phase holding period? (Use Schedule C, Form 4720, to determine if the foundation had excess business holdings in 2006)	<b>N/A</b>	
4a	Did the foundation invest during the year any amount in a manner that would jeopardize its charitable purposes?	<b>3b</b>	
b	Did the foundation make any investment in a prior year (but after December 31, 1969) that could jeopardize its charitable purpose that had not been removed from jeopardy before the first day of the tax year beginning in 2006?	<b>4a</b>	<input checked="" type="checkbox"/>
		<b>4b</b>	<input checked="" type="checkbox"/>

Part VII-B Statements Regarding Activities for Which Form 4720 May Be Required *Continued*

5a During the year did the foundation pay or incur any amount to:

- (1) Carry on propaganda, or otherwise attempt to influence legislation (section 4945(e))?
- (2) Influence the outcome of any specific public election (see section 4955); or to carry on, directly or indirectly, any voter registration drive?
- (3) Provide a grant to an individual for travel, study, or other similar purposes?
- (4) Provide a grant to an organization other than a charitable, etc., organization described in section 509(a)(1), (2), or (3), or section 4940(d)(2)?
- (5) Provide for any purpose other than religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals?

 Yes  No Yes  No Yes  No Yes  No Yes  No

b If any answer is "Yes" to 5a(1)-(5), did any of the transactions fail to qualify under the exceptions described in Regulations section 53.4945 or in a current notice regarding disaster assistance (see instructions)?

N/A

► 

5b

Organizations relying on a current notice regarding disaster assistance check here

c If the answer is "Yes" to question 5a(4), does the foundation claim exemption from the tax because it maintained expenditure responsibility for the grant?

N/A

 Yes  No

If "Yes," attach the statement required by Regulations section 53.4945-5(d)

6a Did the foundation, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?

 Yes  No

6b

X

b Did the foundation, during the year, pay premiums, directly or indirectly, on a personal benefit contract?

If you answered "Yes" to 6b, also file Form 8870

7a At any time during the tax year, was the foundation a party to a prohibited tax shelter transaction?

 Yes  No

b If yes, did the foundation receive any proceeds or have any net income attributable to the transaction?

N/A

7b

## Part VIII Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors

1 List all officers, directors, trustees, foundation managers and their compensation.

(a) Name and address	(b) Title, and average hours per week devoted to position	(c) Compensation (If not paid, enter -0-)	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
CHARLES HILTON PO BOX 59462	DIRECTOR 1.00	0.	0.	0.
PANAMA CITY, FL 32412				
LELA HILTON PO BOX 59462	DIRECTOR 1.00	0.	0.	0.
PANAMA CITY, FL 32412				

2 Compensation of five highest-paid employees (other than those included on line 1). If none, enter "NONE."

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation	(d) Contributions to employee benefit plans and deferred compensation	(e) Expense account, other allowances
NONE				

Total number of other employees paid over \$50,000

0

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**Part VIII** **Information About Officers, Directors, Trustees, Foundation Managers, Highly Paid Employees, and Contractors** *Continued*
**3 Five highest-paid independent contractors for professional services. If none, enter "NONE."**

(a) Name and address of each person paid more than \$50,000	(b) Type of service	(c) Compensation
<b>NONE</b>		

Total number of others receiving over \$50,000 for professional services

► 0

**Part IX-A** **Summary of Direct Charitable Activities**

List the foundation's four largest direct charitable activities during the tax year. Include relevant statistical information such as the number of organizations and other beneficiaries served, conferences convened, research papers produced, etc.	Expenses
<b>1 KU ENDOWMENT / HUGH RIORDAN</b>	
	315,225.
<b>2 PARENTS IN CHARGE FOUNDATION</b>	
	200,000.
<b>3 FL SCH CHOICE FUND</b>	
	100,000.
<b>4 SENIOR SERVICE FOUNDATION</b>	
	100,000.

**Part IX-B** **Summary of Program-Related Investments**

Describe the two largest program-related investments made by the foundation during the tax year on lines 1 and 2.

	Amount
<b>1 N/A</b>	
<b>2</b>	
All other program-related investments. See instructions.	
<b>3 N/A</b>	
<b>Total. Add lines 1 through 3</b>	► 0.

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**Part X | Minimum Investment Return** (All domestic foundations must complete this part Foreign foundations, see instructions)

1	Fair market value of assets not used (or held for use) directly in carrying out charitable, etc., purposes:		
a	Average monthly fair market value of securities	1a	
b	Average of monthly cash balances	1b	3,130,423.
c	Fair market value of all other assets	1c	
d	<b>Total</b> (add lines 1a, b, and c)	1d	3,130,423.
e	Reduction claimed for blockage or other factors reported on lines 1a and 1c (attach detailed explanation)	1e	0.
2	Acquisition indebtedness applicable to line 1 assets	2	0.
3	Subtract line 2 from line 1d	3	3,130,423.
4	Cash deemed held for charitable activities. Enter 1 1/2% of line 3 (for greater amount, see instructions)	4	46,956.
5	<b>Net value of noncharitable-use assets.</b> Subtract line 4 from line 3. Enter here and on Part V, line 4	5	3,083,467.
6	<b>Minimum investment return.</b> Enter 5% of line 5	6	154,173.

**Part XI | Distributable Amount** (see instructions) (Section 4942(j)(3) and (j)(5) private operating foundations and certain foreign organizations check here ►  and do not complete this part.)

1	Minimum investment return from Part X, line 6	1	154,173.
2a	Tax on investment income for 2006 from Part VI, line 5	2a	1,574.
b	Income tax for 2006. (This does not include the tax from Part VI.)	2b	
c	Add lines 2a and 2b	2c	1,574.
3	Distributable amount before adjustments. Subtract line 2c from line 1	3	152,599.
4	Recoveries of amounts treated as qualifying distributions	4	0.
5	Add lines 3 and 4	5	152,599.
6	Deduction from distributable amount (see instructions)	6	0.
7	<b>Distributable amount</b> as adjusted. Subtract line 6 from line 5. Enter here and on Part XIII, line 1	7	152,599.

**Part XII | Qualifying Distributions** (see instructions)

1	Amounts paid (including administrative expenses) to accomplish charitable, etc., purposes:	1a	1,208,048.
a	Expenses, contributions, gifts, etc. - total from Part I, column (d), line 26	1b	0.
b	Program-related investments - total from Part IX-B	2	
2	Amounts paid to acquire assets used (or held for use) directly in carrying out charitable, etc., purposes	3a	
3	Amounts set aside for specific charitable projects that satisfy the:	3b	
a	Suitability test (prior IRS approval required)	4	1,208,048.
b	Cash distribution test (attach the required schedule)	5	1,574.
4	<b>Qualifying distributions.</b> Add lines 1a through 3b. Enter here and on Part V, line 8, and Part XIII, line 4	6	1,206,474.
5	Foundations that qualify under section 4940(e) for the reduced rate of tax on net investment income. Enter 1% of Part I, line 27b		
6	<b>Adjusted qualifying distributions.</b> Subtract line 5 from line 4		

**Note:** The amount on line 6 will be used in Part V, column (b), in subsequent years when calculating whether the foundation qualifies for the section 4940(e) reduction of tax in those years.

**Part XIII Undistributed Income** (see instructions)

	(a) Corpus	(b) Years prior to 2005	(c) 2005	(d) 2006
1 Distributable amount for 2006 from Part XI, line 7				152,599.
2 Undistributed income, if any, as of the end of 2005			0.	
a Enter amount for 2005 only				
b Total for prior years:		0.		
3 Excess distributions carryover, if any, to 2006:				
a From 2001				
b From 2002	210,083.			
c From 2003	104,498.			
d From 2004	463,982.			
e From 2005	251,573.			
f Total of lines 3a through e		1,030,136.		
4 Qualifying distributions for 2006 from Part XII, line 4: ► \$ 1,208,048.			0.	
a Applied to 2005, but not more than line 2a				
b Applied to undistributed income of prior years (Election required - see instructions)		0.		
c Treated as distributions out of corpus (Election required - see instructions)		0.		
d Applied to 2006 distributable amount				152,599.
e Remaining amount distributed out of corpus		1,055,449.		
5 Excess distributions carryover applied to 2006 (If an amount appears in column (d), the same amount must be shown in column (a))		0.		0.
6 Enter the net total of each column as indicated below:				
a Corpus Add lines 3f, 4c, and 4e Subtract line 5				
b Prior years' undistributed income. Subtract line 4b from line 2b		0.		
c Enter the amount of prior years' undistributed income for which a notice of deficiency has been issued, or on which the section 4942(a) tax has been previously assessed		0.		
d Subtract line 6c from line 6b. Taxable amount - see instructions		0.		
e Undistributed income for 2005. Subtract line 4a from line 2a. Taxable amount - see instr.				0.
f Undistributed income for 2006. Subtract lines 4d and 5 from line 1. This amount must be distributed in 2007				0.
7 Amounts treated as distributions out of corpus to satisfy requirements imposed by section 170(b)(1)(E) or 4942(g)(3)		0.		
8 Excess distributions carryover from 2001 not applied on line 5 or line 7		0.		
9 Excess distributions carryover to 2007 Subtract lines 7 and 8 from line 6a		2,085,585.		
10 Analysis of line 9:				
a Excess from 2002	210,083.			
b Excess from 2003	104,498.			
c Excess from 2004	463,982.			
d Excess from 2005	251,573.			
e Excess from 2006	1,055,449.			

**Part XIV** **Private Operating Foundations** (see instructions and Part VII-A, question 9)

N/A

**1 a** If the foundation has received a ruling or determination letter that it is a private operating foundation, and the ruling is effective for 2006, enter the date of the ruling

**b** Check box to indicate whether the foundation is a private operating foundation described in section

2 a Enter the lesser of the adjusted net assets or the fair value of the assets.

**2.8** Enter the lesser of the adjusted net income from Part I or the maximum

**Part XV** **Supplementary Information** (Complete this part only if the foundation had \$5,000 or more in assets at any time during the year—see page 28 of the instructions.)

## 1 Information Regarding Foundation Managers:

a List any managers of the foundation who have contributed more than 2% of the total contributions received by the foundation before the close of any tax year (but only if they have contributed more than \$5,000). (See section 507(d)(2).)

**NONE**

**b** List any managers of the foundation who own 10% or more of the stock of a corporation (or an equally large portion of the ownership of a partnership or other entity) of which the foundation has a 10% or greater interest.

**NONE**

**2 Information Regarding Contribution, Grant, Gift, Loan, Scholarship, etc., Programs:**

Check here ►  if the foundation only makes contributions to preselected charitable organizations and does not accept unsolicited requests for funds. If the foundation makes gifts, grants, etc. (see instructions) to individuals or organizations under other conditions, complete items 2a, b, c, and d.

**a The name, address, and telephone number of the person to whom applications should be addressed:**

**b The form in which applications should be submitted and information and materials they should include:**

**c Any submission deadlines:**

**d. Any restrictions or limitations on awards, such as by geographical areas, charitable fields, kinds of institutions, or other factors:**

**Part XV** **Supplementary Information** (continued)**3 Grants and Contributions Paid During the Year or Approved for Future Payment**

Recipient	If recipient is an individual, show any relationship to any foundation manager or substantial contributor	Foundation status of recipient	Purpose of grant or contribution	Amount
Name and address (home or business)				
<b>a Paid during the year</b>				
<b>SEE STATEMENT 7</b>				
<b>Total</b>			► 3a	<b>1,208,048.</b>
<b>b Approved for future payment</b>				
<b>NONE</b>				
<b>Total</b>			► 3b	<b>0.</b>

## Part XVI-A Analysis of Income-Producing Activities

Enter gross amounts unless otherwise indicated.

Enter gross amounts unless otherwise indicated.	Unrelated business income		Excluded by section 512, 513, or 514		(e) Related or exempt function income
	(a) Business code	(b) Amount	(c) Exclu- sion code	(d) Amount	
1 Program service revenue:					
a N/A					
b					
c					
d					
e					
f					
g Fees and contracts from government agencies					
2 Membership dues and assessments					
3 Interest on savings and temporary cash investments					656.
4 Dividends and interest from securities					
5 Net rental income or (loss) from real estate:					
a Debt-financed property					
b Not debt-financed property					
6 Net rental income or (loss) from personal property					
7 Other investment income					
8 Gain or (loss) from sales of assets other than inventory					
9 Net income or (loss) from special events					
10 Gross profit or (loss) from sales of inventory					
11 Other revenue:					
a					
b					
c					
d					
e					
12 Subtotal. Add columns (b), (d), and (e)		0.		0.	157,359.
13 Total. Add line 12, columns (b), (d), and (e)				13	157,359.
(See worksheet in line 13 instructions to verify calculations.)					

**Part XVI-B Relationship of Activities to the Accomplishment of Exempt Purposes**

Line No ▼	Explain below how each activity for which income is reported in column (e) of Part XVI-A contributed importantly to the accomplishment of the foundation's exempt purposes (other than by providing funds for such purposes).
N/A	

**Part XVII** Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations

1 Did the organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

**a Transfers from the reporting foundation to a noncharitable exempt organization of:**

- (1) Cash
- (2) Other assets

- b Other transactions:**
  - (1) Sales of assets to a noncharitable exempt organization
  - (2) Purchases of assets from a noncharitable exempt organization
  - (3) Rental of facilities, equipment, or other assets
  - (4) Reimbursement arrangements
  - (5) Loans or loan guarantees
  - (6) Performance of services or membership or fundraising solicitations

**c Sharing of facilities, equipment, mailing lists, other assets, or paid employees**

**d** If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting foundation. If the foundation received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received.

**2a** Is the foundation directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527?

Yes  No

**b.** If "Yes," complete the following schedule.

(a) Name of organization	(b) Type of organization	(c) Description of relationship
N/A		

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer or fiduciary) is based on all information of which preparer has any knowledge.

Emmett C. Chilton

11/7/02

DIRECTOR

Sign Here

**Signature of officer or trustee**

Date

Date  
10/24/07

**Preparer's SSN or PTIN**

Preparer's Use Only	Preparer's signature ►	<i>claudia C. Tipton</i>	Date 10/24/07	Check if self- employed ► <input type="checkbox"/>	Preparer's SSN or PTIN
	Firm's name (or yours if self-employed), address, and ZIP code ►	TIPTON, MARLER, GARNER, & CHASTAIN P. O. BOX 1100 PANAMA CITY, FL 32402-1100		EIN ►	Phone no. 850-769-9491

623622  
01-29-07

## FORM 990-PF INTEREST ON SAVINGS AND TEMPORARY CASH INVESTMENTS STATEMENT 1

SOURCE	AMOUNT
MERRILL LYNCH	656.
TOTAL TO FORM 990-PF, PART I, LINE 3, COLUMN A	656.

## FORM 990-PF DIVIDENDS AND INTEREST FROM SECURITIES STATEMENT 2

SOURCE	GROSS AMOUNT	CAPITAL GAINS DIVIDENDS	COLUMN (A) AMOUNT
MERRILL LYNCH-INSTITUTIONAL FUND	156,154.	0.	156,154.
MERRILL LYNCH-TREASURY FUND	549.	0.	549.
TOTAL TO FM 990-PF, PART I, LN 4	156,703.	0.	156,703.

## FORM 990-PF LEGAL FEES STATEMENT 3

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
LEGAL	150.	0.		0.
TO FM 990-PF, PG 1, LN 16A	150.	0.		0.

## FORM 990-PF ACCOUNTING FEES STATEMENT 4

DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
ACCOUNTING	1,076.	0.		0.
TO FORM 990-PF, PG 1, LN 16B	1,076.	0.		0.

FORM 990-PF	OTHER PROFESSIONAL FEES	STATEMENT	5
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
FEES	150.	0.		0.
OTHER	150.	0.		0.
TO FORM 990-PF, PG 1, LN 16C	300.	0.		0.

FORM 990-PF	TAXES	STATEMENT	6
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DESCRIPTION	(A) EXPENSES PER BOOKS	(B) NET INVEST- MENT INCOME	(C) ADJUSTED NET INCOME	(D) CHARITABLE PURPOSES
TAXES	1,472.	0.		0.
TO FORM 990-PF, PG 1, LN 18	1,472.	0.		0.

FORM 990-PF	GRANTS AND CONTRIBUTIONS PAID DURING THE YEAR	STATEMENT	7
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RECIPIENT NAME AND ADDRESS	RECIPIENT RELATIONSHIP AND PURPOSE OF GRANT	RECIPIENT STATUS	AMOUNT
CLO ALUMNI UF STUDENT HOUSING			75,000.
PANAMA CITY BEACH SENIOR CENTER			70,373.
SENIOR SERVICE FOUNDATION			100,000.
FREEDOM WORKS FDN			2,500.

HILTON FAMILY FOUNDATION

59-3748610

CATO INSTITUTE

35,000.

MERCATUS CENTER AT GEORGE MASON

5,000.

HILSDALE COLLEGE

1,500.

TAX FOUNDATION

15,000.

CITIZENS AGAINST GOVERNMENT WA

3,500.

INSTITUTE FOR JUSTICE

5,000.

US TERM LIMITS

5,000.

ROB MATTHEWS MEMORIAL FUND

5,000.

INSTITUTE FOR HUMANE STUDIES

5,000.

MILTON AND ROSA D FREIDMAN  
FOUNDATION

2,500.

MEDIA RESEARCH CENTER

500.

REASON FOUNDATION

5,000.

THE INDEPENDENT INSTITUTE

5,000.

HILTON FAMILY FOUNDATION

59-3748610

THE HERITAGE FDN

2,500.

AMERICAN DIABETES ASSN

1,000.

US UNION WATCH

1,000.

ALZHEIMER'S DISEASE RESEARCH

1,000.

LUDWIG VON MISES INST

2,000.

THE OBJECTIVIST CENTER

2,500.

ALLIANCE FOR SCHOOL CHOICE

5,000.

GULF COAST COUNCIL BOY SCOUTS

35,000.

WHITAKER HEALTH FREEDOM  
FOUNDATION

2,500.

JAMES MADISON INSTITUTE

15,000.

KU ENDOWMENT / HUGH RIORDAN

315,225.

AMERICAN INST FOR CANCER RESEARCH

500.

NATIONAL LEGAL AND POLICY CENTER

1,000.

HILTON FAMILY FOUNDATION

59-3748610

RESCUE MISSION

50,000.

FEDERALIST SOC FOR LAW & PUBL

20,000.

THE INTERNATIONAL

70,000.

INTL SCHIPPHRENIA FDN

10,500.

PEOPLE'S AGENCY TASK FORCE HEL

25,000.

FL SCH CHOICE FUND

100,000.

PFEIFFER TREATMENT CENTER

5,000.

NYRR FDN TEAM FOR KIDS

2,000.

PARENTS IN CHARGE FDN

200,000.

ASSN OF SMALL FOUNDATIONS

450.

TOTAL TO FORM 990-PF, PART XV, LINE 3A

1,208,048.

- If you are filing for an **Additional (not automatic) 3-Month Extension**, complete only Part II and check this box ►

**Note.** Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.

- If you are filing for an **Automatic 3-Month Extension**, complete only Part I (on page 1)

<b>Part II Additional (not automatic) 3-Month Extension of Time.</b> You must file original and one copy		
<b>Type or print</b>  File by the extended due date for filing the return. See instructions	Name of Exempt Organization  <b>HILTON FAMILY FOUNDATION</b>	Employer identification number  <b>59-3748610</b>
	Number, street, and room or suite no. If a P.O. box, see instructions  <b>P O BOX 59462</b>	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions.  <b>PANAMA CITY, FL 32412-0462</b>	

**Check type of return to be filed** (File a separate application for each return):

<input type="checkbox"/> Form 990	<input type="checkbox"/> Form 990-EZ	<input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust)	<input type="checkbox"/> Form 1041-A	<input type="checkbox"/> Form 5227	<input type="checkbox"/> Form 8870
<input type="checkbox"/> Form 990-BL	<input checked="" type="checkbox"/> Form 990-PF	<input type="checkbox"/> Form 990-T (trust other than above)	<input type="checkbox"/> Form 4720	<input type="checkbox"/> Form 6069	

**STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.**

- The books are in the care of ► **CHARLES HILTON**

Telephone No. ► **850-785-4675**

FAX No ►

- If the organization does not have an office or place of business in the United States, check this box ►

- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_ If this is for the whole group, check this box ►  . If it is for part of the group, check this box ►  and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until **NOVEMBER 15, 2007**

5 For calendar year **2006**, or other tax year beginning \_\_\_\_\_, and ending \_\_\_\_\_.

6 If this tax year is for less than 12 months, check reason:  Initial return  Final return  Change in accounting period

7 State in detail why you need the extension \_\_\_\_\_

**UNABLE TO OBTAIN THE INFORMATION NEEDED TO FILE AN ACCURATE RETURN.**

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions	8a \$ <b>1,574.</b>
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.	8b \$ <b>0.</b>
c <b>Balance Due.</b> Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions	8c \$ <b>1,574.</b>

#### Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature ►

Title ► **CPA**

Date ►

#### Notice to Applicant. (To Be Completed by the IRS)

- We have approved this application. Please attach this form to the organization's return.
- We have not approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions). This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to the organization's return
- We have not approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period
- We cannot consider this application because it was filed after the extended due date of the return for which an extension was requested.
- Other \_\_\_\_\_

By: \_\_\_\_\_ Date: \_\_\_\_\_  
Director

**Alternate Mailing Address.** Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above.

<b>Type or print</b>  623832 05-01-07	Name  <b>TIPTON, MARLER, GARNER, &amp; CHASTAIN</b>
	Number and street (include suite, room, or apt. no.) or a P.O. box number  <b>P. O. BOX 1100</b>
	City or town, province or state, and country (including postal or ZIP code)  <b>PANAMA CITY, FL 32402-1100</b>